

## At A Glance

	Year End 2020	Change from Previous	Year End 2021	Change from Previous
Availability	5.5%	▲	4.9%	▼
Lease Rates PSF/YR	\$10.03	▲	\$10.49	▲
Net Absorption	54,906	▼	4,641,799	▲

## Market News

- Colorado's unemployment rate fell from 5.4% to 5.1% in November, for a fifth consecutive month
- In the first 11 months of 2021, there were 4,093 single-family building permits issued, a slight 1.3% decrease from the 4,148 permits issued during the same period last year. Permits have now topped 4,000 for the second straight year — the first time since 2004 and 2005.
- The average price of single-family homes in October jumped to \$510,180, surpassing the record of \$502,961 set in June and 18% higher than the average price of \$432,477 in October 2020
- Colorado Springs is currently growing at a rate of 1.17% annually and the population has increased by 17.55% since the last census, which recorded a population of 416,427 in 2010. El Paso County's estimated population is 737,031 with a growth rate of 1.14% in the past year; the 2010 Population was 627,031 and has seen a growth of 17.54% since this time.
- The cost of living in Colorado Springs rose to its highest level on record during the third quarter. The Cost of Living Index show costs are 109% the national average. Denver, the index found, is nearly 115% the national average.

## Industrial Market Highlights

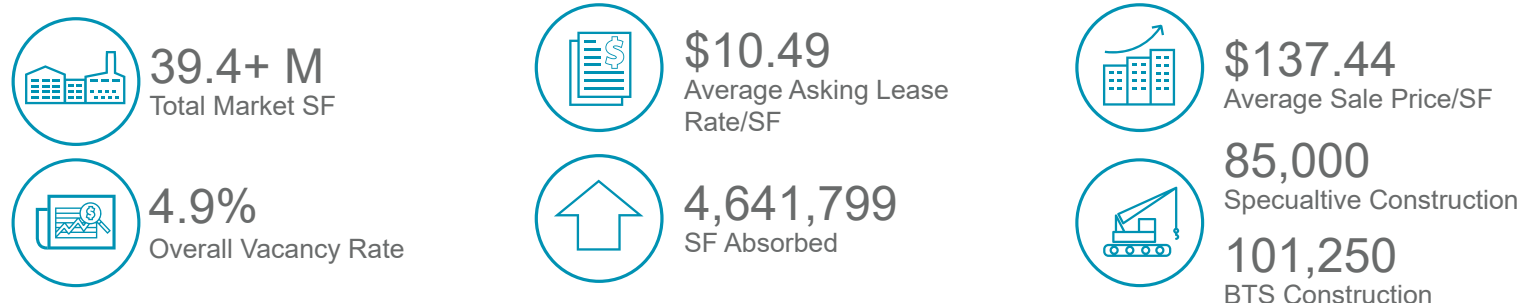
The headline for the Colorado Springs Industrial Market in 2021 was DEVELOPMENT. There has been a wave of interest in the Colorado Springs Industrial Market of tenants large and small. Mid to large-scale national tenants have been fueling this interest with other regional and national tenants following the likes of Amazon, Home Depot, Coca-Cola, and many more. Developers such as Scannell, Flywheel Capital, SunCap, Westfield and several others have heavily invested in the Colorado Springs Industrial Market putting plans into action across the City.

Nearly all speculative and build-to-suit development occurred in Class-A Industrial product exceeding 50,000 SF. While no one can deny the larger scale developments are attracting attention and fueling market interest from tenants across the region and beyond, there is a significant need for small to mid-sized multi-tenant development. Many sub-20,000 SF users are finding themselves facing low vacancy rates, increased lease rates, and heavy competition in the market. This is leaving many users to renew in-place for lack of attractive and affordable options. Many businesses are finding themselves in the sale market, primarily new build construction, at equally low vacancy rates and high sale prices.

The story of the Colorado Springs Industrial Market is not unique. In fact, nationally, most primary and secondary markets are seeing similar trends with low vacancy, increasing lease rates, increased sales, and high demand for new development. Raw materials and shipping issues continue to disrupt the pipeline in Colorado Springs and beyond.

- The retail delivery giant **Amazon** has become Colorado Springs' most aggressive market player. Amazon has developed/redeveloped in excess of **4.7MM SF** of industrial product. Over 4MM SF delivered in 2021 alone. Amazon's local footprint is anticipated to be one of the largest in the West generating significant numbers of jobs in the Colorado Springs Market.
- Scannell's** second large-scale project in Colorado Springs delivered two building distribution/warehouse facilities totaling **240,240 SF** 4Q21.
- Carrier West** constructed a new **50,000 SF** warehouse with another **58,000 SF** speculative warehouse facility at Vapor Trail delivery is anticipated 1Q2022.
- Coca-Cola** purchased an 11+ acre site in the Powers Corridor and is currently under construction on a new 150,000 SF distribution facility more than doubling its existing footprint in the market. The beverage giant is looking to expand its footprint with the purchase of an additional 6 acres adjacent to its current development.
- Several other speculative sites are in the works including several in the Airport Sub-market seeking to backfill the needs of smaller tenants who wish to remain near their competitors and complimentary businesses.

## Overall Market - By The Numbers



# Industrial Sales Year End 2021



1,754,871

Total SF Sales Volume



27,885

Average SF Sale



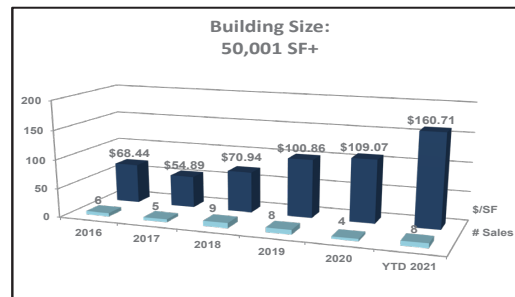
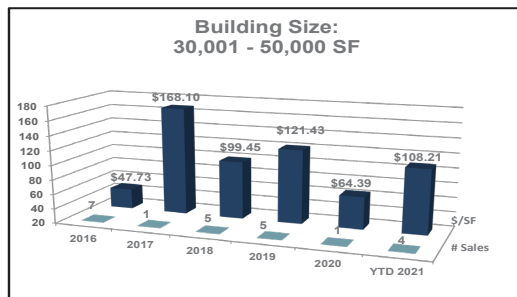
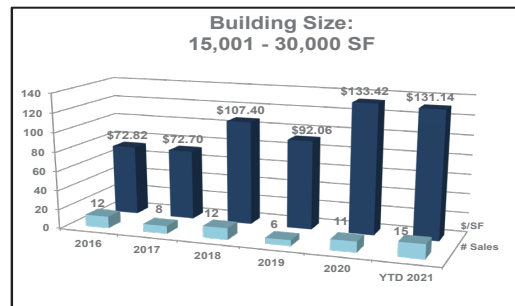
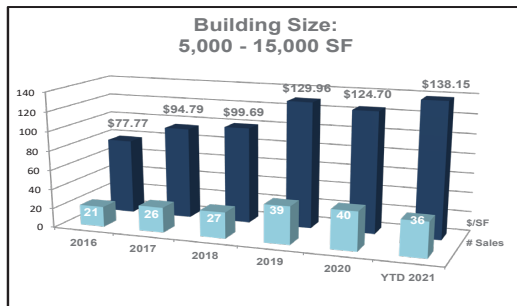
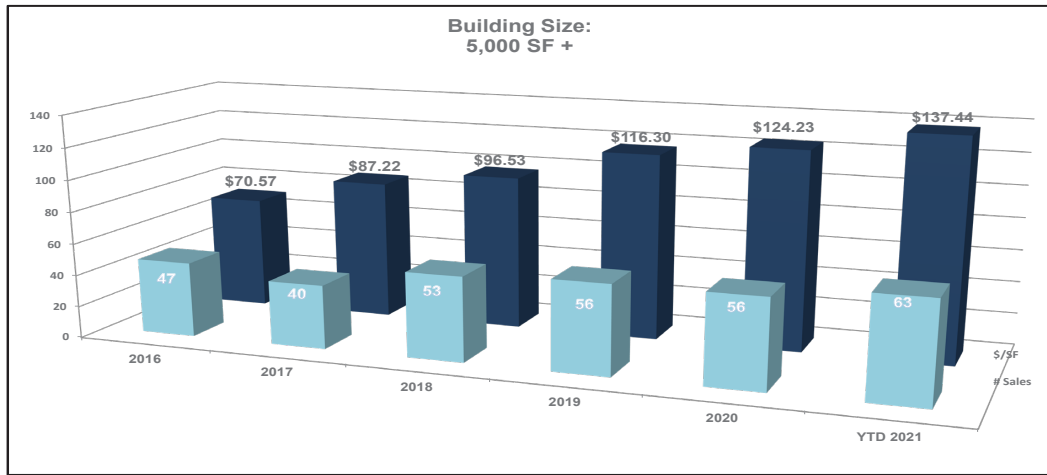
\$137.44

Average Price/SF Sale



63

Total Number of Sales



## Featured Industrial Property Listings



**Adobe Court - NEW CONSTRUCTION**  
3372 Adobe Court  
2,400 SF to 24,000 SF Available  
\$11.95/SF/YR NNN



**Executive Office Flex**  
2225 Executive Drive  
3,681-28,000 SF Available  
\$14.50/SF/YR NNN



**Aerotech R&D**  
1915-1925 Aerotech Drive  
4,747 to 13,977 SF Available  
\$11.50/SF/YR NNN



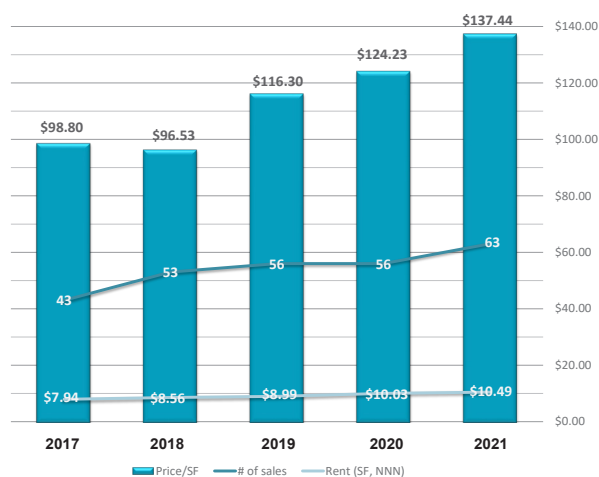
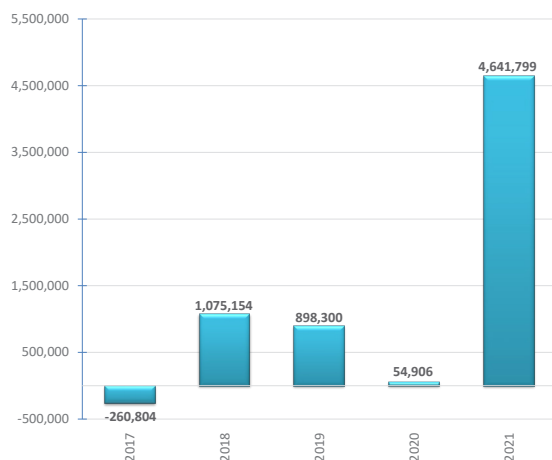
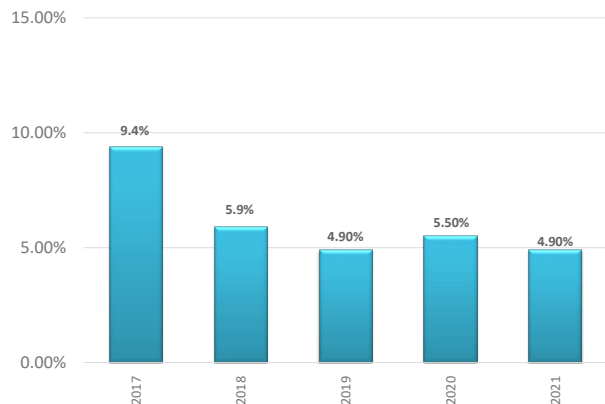
**Mountain Shadows Business Park**  
4805 N 30th Street  
25,145 SF Available  
\$8.75/SF/YR NNN



**Rustic Hills North Redevelopment**  
Now Leasing!  
206,920 SF & 23 Acres  
Call Broker for Pricing & Lease Rates



**Garden Park**  
1110-1120 Elkton Drive  
1,790 & 2,880SF Available  
\$9.25/SF/YR NNN



## AVAILABILITY

The overall direct industrial vacancy rate for the Colorado Springs Industrial Market in 2021 was down to 4.9%. This is a decrease from Year End 2020's vacancy rate of 5.5%. In the past four years, the overall absorption rate has averaged 5.3%. At year's end, there was approximately, 1.5 MM SF of available industrial product in the Colorado Springs Industrial Market. However it is worth noting that approximately half of that total belongs to a single property which has remained largely vacant for several years. Of marketable properties, true vacancy rate is approximately 2.1% for the Colorado Springs Industrial Market. The lowest availability is that of properties under 10,000 SF at only 1% vacancy!

## LEASE RATES (NNN, Annual Per RSF)

The upward pressure on lease rates has remained consistent due to low availability. The average asking rate in 2021 reached \$10.49/SF across all product types. Average asking rates for industrial products by product type in the Colorado Springs Industrial Market for 2021 were as follows: Manufacturing \$10.07/SF; Industrial Flex \$12.07/SF; and Warehouse \$10.06/SF.

Property size is also greatly affecting lease rates with properties under 20,000 SF fetching an average of \$10.67/SF.

Lease up times are averaging 3 to 6 months for Class A Industrial product with older/less functional properties seeing lease up times of 6 month +/- on average.

## ABSORPTION (Absorption is defined as the net change in occupied space from one period to the next.)

The 2021 industrial market absorbed in excess of 4.6MM SF! Large scale development deliveries and national tenants in the market will undoubtedly contributed to the continued rise of absorption throughout 2021. No other market player absorbed more product than Amazon exceeding 4MM SF of product this year. Absent Amazon's contribution to the market's absorption boom, the greater market has completely rebounded from 2020's pandemic impact with approximately 800,000 SF absorbed for the year. New product is being pre-leased at breakneck speeds and existing market product is spending less than 4 months on market on average.

## INDUSTRIAL SALES

### (5,000 SF + - Number of Sales vs. Average Price Per SF)

The Colorado Springs Industrial Market's overall average sale price remains high. 2021 sale prices averaged \$137.44/SF for 63 total sales. The majority of sales occurred in properties between 5,000 and 15,000 square feet with 57% of all sales occurring within that size range. Industrial product between 15,001 and 30,000 square foot averaged \$131.14/SF for 15 sales. Products between 30,000 and 50,000 square feet averaged \$108.21/SF among 4 sales. Sales exceeding 50,001 attracted \$160.71 /SF among 8 sales - the largest price jump among all product sizes. Currently, the market is seeing several build-to-suit projects under contract for prices exceeding \$180/SF. Supply chain issues, raw materials, and demand are expected to push those prices even higher in 2022.



## Colorado Springs Industrial Team's Notable 2021 Transactions



**205 N ELIZABETH ST,  
PUEBLO**  
NNN Investment Sale  
Flywheel Capital  
126,882 SF  
\$6,175,000.00 (\$48.67/SF)



**2540 ZEPPELIN RD**  
Lease  
Lansing Building Products  
32,760 SF  
120 Months



**2235 EXECUTIVE CIR**  
NNN Value Add Sale  
Tweed Investments  
2205-2260 Executive Circle  
72,982 SF  
\$6,850,000 (\$93.86/SF)



**1110 BAYFIELD DR**  
Lease  
GSA  
124,915 SF  
120 Months



**RUSTIC HILLS  
COMMERCE CENTER**  
Redevelopment Sale  
Brennan Investments  
206,920 SF  
\$7,000,000 (\$33.80/SF)



**6646-6650 VINCENT DR**  
Owner/User Sale  
Tecc Painting  
16,000 SF  
3.41 AC  
\$2,400,000 (\$150.00/SF)



**5045 LIST DR**  
Investment Sale  
Pierce Street Properties  
30,400 SF  
1.51 AC  
\$4,100,000 (\$134.86/SF)



**CLARK PLACE**  
United Refridgeration  
BTS (Under Construction)  
15,000 SF  
1.62 AC  
\$2,841,150 (\$189.41/SF)

## Colorado Springs Industrial Team's Partial List of Clients

Amazon  
American National Bank  
Apogee  
Aramark  
AT&T  
Berwick Electric  
Bestway Disposal  
BH Properties  
Black Label Restoration

Bryan Construction  
Building Material Distributors  
Colorado Springs Gazette  
CW Capital  
Dana Kepner  
Empire Solar  
Foxworth Galbreth  
Gold Star Foods  
Goodyear

Guggenheim Partners  
LaFarge  
Monmouth REI  
Northstar  
Proterra Properties  
Quantum  
Sabal Financial  
Safelite  
Salvation Army

Sunlight Solar  
Transamerica  
United Refrigeration  
United Site Service  
USI  
Venture Architecture  
Westfield Development  
WorldPac  
Wright Heating & Plumbing

## Cushman and Wakefield | Colorado Springs Commercial's Industrial Services

Cushman and Wakefield | Colorado Springs Commercial's Industrial Team is staffed with seasoned professionals who strive to consistently provide results that exceed client expectations. Whether it's an assignment of 2,000 or 200,000 square feet, each deal is equally important to the principals involved.

As consistent top producers in the market, they have extensive experience in all categories of industrial real estate in the Colorado Springs metropolitan area. The Industrial Team is equipped to provide exceptional service for your office/warehouse, showroom, manufacturing, research & development, warehouse/distribution, laboratory, adaptive use or other industrial requirement, including commercial land.

Colorado Springs Commercial is an alliance of Cushman & Wakefield benefiting from the support of its global real estate research team, experts, and capital advisors. Cushman & Wakefield is a leading global real estate services firm that delivers exceptional value by putting ideas into action for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with 48,000 employees in approximately 400 offices and 70 countries. The firm had revenue of \$6.9 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. [www.cushmanwakefield.com](http://www.cushmanwakefield.com)

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